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October 5, 2018

Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue N.W.
Washington, D.C. 20224

CC:PA:LPD:PR (REG-112176-18)

Dear Commissioner Rettig,

I write with grave concern regarding REG-112176-18, published in the Federal Register on August 27, 2018. The proposed regulation is designed to thwart efforts of states like New York to help taxpayers shoulder the burden of the Tax Cuts and Jobs Act (P.L. 115-97).

According to the Center on Budget and Policy Priorities, the Tax Cuts and Jobs Act (TCJA) will add \$1.9 trillion to the deficit over the next 10 years, delivering enormous windfalls to corporations while leaving the nation less prepared to address fiscal challenges. Included in this skewed tax plan is the \$10,000 cap on state and local tax deductions, a limitation that in effect raises taxes on homeowners in New York and other high-taxed states in order to finance the corporate tax reduction.

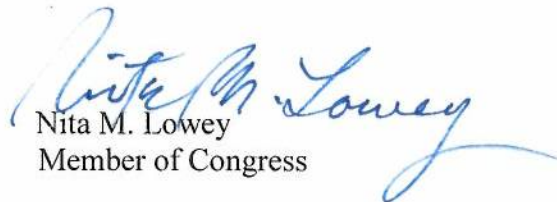
Over the past year, I have sponsored several roundtable discussions and forums on the misguided \$10,000 cap and heard from hundreds of impacted constituents. They have good reason for concern: in New York, 35 percent of taxpayers deduct an average of more than \$22,000 every year. In my district those numbers are even higher, with 45 percent of my constituents taking an average deduction of more than \$26,000. Capping the state and local tax deduction will cost New York families \$14.3 billion every year. By way of comparison, in 2015 alone New Yorkers contributed \$48 billion more in taxes to the federal government than the state received in federal assistance. New York is already seeing the negative effects of the cap, as home sales in Westchester fell by 18 percent in the second quarter of 2018.

The SALT deduction was established to ensure that Americans are not taxed twice on the same income, which is exactly what will happen as a result of the cap. My constituents and taxpayers all over New York State simply cannot be squeezed any further, which is why I

applauded efforts by the State to enact opportunities for charitable contributions to the state and local governments. This is consistent with federal law and established precedent and the state should be permitted to deliver necessary relief to New York taxpayers.

For the foregoing reasons, I believe the IRS needs to amend this proposed regulation before it is finalized to ensure that the federal government does not place additional burdens on taxpayers from donor states like New York that contribute far more to the federal coffers than they take.

Sincerely,



Nita M. Lowey
Member of Congress

CC:
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